



JOINT MEETING OF THE RETIREMENT BOARDS

The Employees and Fire and Police Retirement Boards met in a joint session in Council Chambers, 2nd Floor, City Hall, 2600 Fresno Street, Fresno, California at the hour of 8:00 p.m. on the day above written.

Roll Call at 8:46 a.m.

Present for the Employees Retirement Board:

William Quick	Chair
Carla Lombardi	Vice-Chair
Frank Balekian	Member
Marvell French	Member

Absent:

Darrell Fifield	Member
-----------------	--------

Present for the Fire and Police Retirement Board:

Brian Burry	Chair
Carla Lombardi	Member
Paul Cliby	Member
Stephen Guinn	Member

Absent:

Darrell Fifield	Vice Chair
-----------------	------------

- - - -

APPROVE MINUTES OF THE **JOINT
RETIREMENT BOARD** FOR MAY 14,
2004 SPECIAL JOINT BOARD MEETING
AND MAY 19, 2004, REGULAR BOARD
MEETING.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the minutes of May 14, 2004, Special Joint Meeting and May 19, 2004, Regular Board meeting, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, French
Noes:	None
Abstain:	None
Absent:	Fifield

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve the minutes of May 14, 2004, Special Joint Meeting and May 19, 2004, Regular Board meeting, hereby approved by the following vote:

Ayes:	Burry, Lombardi, Cliby, Guinn
Noes:	None
Abstain:	None
Absent:	Fifield

APPROVE AGENDA OF JUNE 16, 2004

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the agenda of June 16, 2004, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
 Noes: None
 Abstain: None
 Absent: Fifield

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the agenda of June 16, 2004, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn
 Noes: None
 Abstain: None
 Absent: Fifield

TIMED SCHEDULED HEARINGS AND MATTERS

CONSIDER AND REVIEW PROPOSAL FROM THE SEGAL COMPANY FOR FIDUCIARY LIABILITY INSURANCE

Brian Smith introduced his associate Regina Jackson, Segal's West Coast representative, stating if today's proposal is accepted, she would be the contact for any immediate questions or transactions, reviewed the Committee's request, summarized the memorandum as submitted, gave a brief policy comparison of Chubb/Federal and AIG/National Union. Brief discussion followed for clarification of the coverage for the systems, company ratings, and the basic premiums as proposed with Mr. Smith and Administrator McDivitt responding. Mr. Smith further stated that policy can be tentatively bound with Chubb effective June 17, 2004, subject to legal counsel review, and 30-days to complete application, one for each plan, with the Board concurring and that policy applications will be delivered to the Administrator this week.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve proposal including endorsements from the Segal Company for Fiduciary Liability Insurance with Chubb/Federal, policy to include \$15 million for limit of liability, \$25,000 deductible, \$213,000 premium to be paid by both systems, tentatively bound effective June 17, 2004 subject to legal counsel review, applications executed by the Chairs, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
 Noes: None
 Abstain: None
 Absent: Fifield

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve proposal including endorsements from the Segal Company for Fiduciary Liability Insurance with Chubb/Federal, policy to include \$15 million for limit of liability, \$25,000 deductible, \$213,000 premium to be paid by both systems, tentatively bound effective June 17, 2004 subject to legal counsel review, applications executed by the Chairs, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn

Noes: None
Abstain: None
Absent: Fifield

- - - -

CONSENT CALENDAR

CONFIRM DATE AND TIME FOR THE NEXT
REGULAR JOINT MEETING OF THE
RETIREMENT BOARDS SCHEDULED FOR
2:15 P.M. ON JULY 21, 2004, FRESNO
CITY HALL, 2600 FRESNO STREET,
MEETING ROOM 2165-A

CONFIRM DATE AND TIME FOR THE NEXT
INVESTMENT COMMITTEE MEETING
SCHEDULED FOR 8:30 A.M. TO 11:30 A.M.
ON JUNE 17, 2004 TO BE HELD IN
MEETING ROOM 2165-A

CONFIRM DATE AND TIME FOR THE NEXT
ADMINISTRATIVE COMMITTEE MEETING
SCHEDULED FOR 9:00 A.M. TO 12:00
NOON ON JULY 22, 2004

APPROVE MONTHLY BUDGET REPORT OF
THE RETIREMENT ADMINISTRATIVE
OFFICE AS OF MARCH 31, 2004.

Employees Chair Quick entertains a motion to approve consent calendar.

Member Balekian requests that Item I-D be pulled from the consent calendar for discussion.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the consent calendar excluding Item I-D, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
Noes: None
Abstain: None
Absent: Fifield

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the consent calendar excluding Item I-D, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn
Noes: None
Abstain: None
Absent: Fifield

Member Balekian requests clarification of City Attorney and Facilities Management interdepartmental charges with Administrator responding.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve Item I-D of the consent calendar, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
Noes: None
Abstain: None
Absent: Fifield

Fire and Police Chair Burry requests clarification of HR operations interdepartmental charges and discussion followed with Administrator responding. Some discussion followed.

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve Item I-D on the consent calendar, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn
Noes: None
Abstain: None
Absent: Fifield

Administrator McDivitt reminds the Board that July meeting has been rescheduled to allow time for calculation of the DROP interest rates.

- - - -

EMPLOYEE PERSONNEL ISSUES

None.

⋮

- - - -

STAFF INITIATED ITEMS

None.

⋮

- - - -

BOARD INITIATED ITEMS

INTRODUCE AMENDMENT TO THE JOINT
BOARD RULES TO ADD ADDITIONAL
DROP DISTRIBUTION OPTIONS AS
RECOMMENDED BY THE ADMINISTRATIVE
COMMITTEE.

⋮

Legal Counsel Russ Richeda reviews his report and the clarified the discussion and the recommendation of the Administrative Committee as submitted.

Member Balekian requests clarification of Item 2 on page 1 of the report with legal counsel responding stating that Item 2 which should be corrected to read, "The Committee resolved to recommend against changing the interest rate during the DROP distribution."

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve amendment to the Joint Board Rules to add additional DROP distribution options as recommended by the Administrative Committee and as corrected by legal counsel, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
 Noes: None
 Abstain: None
 Absent: Fifield

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve amendment to the Joint Board Rules to add additional DROP distribution options as recommended by the Administrative Committee and as corrected by legal counsel, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn
 Noes: None
 Abstain: None
 Absent: Fifield

RESOLUTION – APPROVE ANNUAL
 APPROPRIATION RESOLUTION FOR
 FISCAL YEAR 2005 RETIREMENT OFFICE
 BUDGET AS RECOMMENDED BY THE
 ADMINISTRATIVE COMMITTEE

Administrator McDivitt summarized the proposed budget report as submitted stating the budgets are \$648,700, with a budget of \$26,125 for the Administration of the City's Deferred Compensation Program, that there is no City Hall rent charges in this budget, and when charges are implemented, this issue will be brought back to the Board for discussion. Brief discussion follows with Administrator McDivitt responding.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the Annual Appropriation Resolution for Fiscal Year 2005 for the Retirement Office Budget as recommended by the Administrative Committee, hereby approved by the following vote:

Ayes: Quick, Lombardi, Balekian, French
 Noes: None
 Abstain: None
 Absent: Fifield

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to approve the Annual Appropriation Resolution for Fiscal Year 2005 for the Retirement Office Budget as recommended by the Administrative Committee, hereby approved by the following vote:

Ayes: Burry, Lombardi, Cliby, Guinn
 Noes: None
 Abstain: None
 Absent: Fifield

Fire & Police Chair follows with question regarding funding for the web site project with Administrator McDivitt responding to clarify that our web site module will be more complex than the average in that it will require integration and interaction with actual employee data and brief discussion follows. Member Balekian requests further clarification of budgeted interdepartmental charges.

- - - -

CONSIDER APPROVAL OF PROPOSED
UPDATE TO THE ASSET ALLOCATION
PLAN AS RECOMMENDED BY THE
INVESTMENT COMMITTEE.

Administrator McDivitt reviews the differences and summarizes the proposed updates in the 2004 Asset Allocation Plan, stated the updated model has an estimated return of 8.37 percent slightly in excess of the target of 8.25%, reviewed the updates, target changes and benchmarks to the Investment Policy.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve the proposed update to the Asset Allocation Plan and Investment Objectives and Policy Statement as recommended by the Investment Committee, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, French
Noes:	None
Abstain:	None
Absent:	Fifield

Member Lombardi expressed concern regarding the challenge to complete the model with Administrator McDivitt and Fire and Police Chair Burry responding.

ON MOTION of Member Cliby seconded by Member Guinn, duly carried, RESOLVED to approve the proposed update to the Asset Allocation Plan and Investment Objectives and Policy Statement as recommended by the Investment Committee, hereby approved by the following vote:

Ayes:	Burry, Lombardi, Cliby, Guinn
Noes:	None
Abstain:	None
Absent:	Fifield

Member Lombardi expressed same concern regarding the challenge to complete the model with Chair Burry briefly responding.

- - - - -

RESOLUTION – TO SUPPORT OF
ENACTMENT OF S. 349 AND H.R. 594
ELIMINATING THE GOVERNMENT
PENSION OFFSET PROVISION AND THE
WINDFALL ELIMINATION PROVISION
FROM THE SOCIAL SECURITY ACT

Member Balekian commented regarding this issue stating that ATU along with Councilmember Dages, will be initiating a similar action before the City Council.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve resolution in support of S.349 and HR 594 eliminating the Government Pension Offset provision and the Windfall Elimination Provision from the Social Security Act, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, French
Noes:	None
Abstain:	None
Absent:	Fifield

Chair Burry stated that he has coordinated with FPOA to also support this issue and entertained a motion.

ON MOTION of Member Cliby, seconded by Member Guinn, duly carried, RESOLVED to approve resolution in support of S.349 and HR 594 eliminating the Government Pension Offset provision and the Windfall Elimination Provision from the Social Security Act, hereby approved by the following vote:

Ayes:	Burry, Lombardi, Cliby, Guinn
Noes:	None
Abstain:	None
Absent:	Fifield

Discussion follows with Member Balekian referring to article in May 2004 News Scan, from Gabriel, Roeder, Smith & Company, further requesting that staff review and report to the Administrative Committee with Legal Counsel responding. Administrator states he will follow up with letter to Personnel regarding this issue.

- - - - -

CONSIDER UPDATE FROM LEGAL
COUNSEL REGARDING IRS
DETERMINATION LETTERS (DROP).

Legal Counsel briefly reviews for information only.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to accept update from legal counsel regarding IRS determination letters (DROP) and that legal counsel continue monitoring this issue, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, French
Noes:	None
Abstain:	None
Absent:	Fifield

ON MOTION of Member Cliby seconded by Member Lombardi, duly carried, RESOLVED to accept update from legal counsel regarding IRS determination letters (DROP) and that legal counsel continue monitoring this issue, hereby approved by the following vote:

Ayes:	Burry, Lombardi, Cliby, Guinn
Noes:	None
Abstain:	None
Absent:	Fifield

- - - - -

DISCUSS AUTHORIZATION FOR
DISTRIBUTION OF REPORT FROM
GABRIEL, ROEDER, SMITH AND COMPANY
REGARDING THE PROJECTION OF
AVAILABLE SURPLUS DURING THE NEXT
SIX VALUATIONS.

Member Balekian requests that this item be tabled until next Board meeting, that the request to discuss this issue came from Member Fifield who is absent with Administrator McDivitt responding. Hearing no objection, item is laid over until next Board meeting.

CONSIDER REQUEST FROM LEVI, RAY
AND SHOUP (PENSIONGOLD) TO MODIFY
THE ANNUAL SOFTWARE MAINTENANCE
FEE FOR THE PENSIONGOLD SYSTEM FOR
FY 2005.

Administrator McDivitt reviews the proposal as submitted.

ON MOTION of Member Balekian seconded by Member French, duly carried, RESOLVED to approve request from Levi, Ray and Shoup (PensionGold) to modify the Annual Software Maintenance for a fixed fee of \$19,845 for the PensionGold System for FY 2005, hereby approved by the following vote:

Ayes:	Quick, Lombardi, Balekian, French
Noes:	None
Abstain:	None
Absent:	Fifield

ON MOTION of Member Guinn seconded by Member Cliby, duly carried, RESOLVED to approve request from Levi, Ray and Shoup (PensionGold) to modify the Annual Software Maintenance for a fixed fee of \$19,845 for the PensionGold System for FY 2005, hereby approved by the following vote:

Ayes:	Burry, Lombardi, Cliby, Guinn
Noes:	None
Abstain:	None
Absent:	Fifield

Member Burry briefly comments in support of this issue.

**CLOSED SESSION – ANNUAL PUBLIC
EMPLOYEE PERFORMANCE EVALUATION –
GOVERNMENT CODE SECTION 54957
1. RETIREMENT ADMINISTRATOR**

Hearing no comment or objection, Chair Quick states that Retirement Administrator Annual performance evaluation is laid over until 15 minutes before next Retirement Board Meeting.

- - - -

GENERAL DISCUSSION

REPORT FROM THE RETIREMENT
ADMINISTRATOR ON RETIREMENT
PROJECTS AND COMMITTEE ACTION
AGENDAS.

Administrator McDivitt reviewed the status of ongoing projects of the Investment Committee including update Investment Policy, high-yield bond manager search, status report and update of Retirement Office relocation project and plans.

Member Lombardi expressed concern regarding the agenda and distribution of employee personnel items. After brief discussion, Administrator recommends review by the Administrative Committee for direction.

- - - -

PENDING ACTION LIST DATED JUNE 8,
2004 FROM RUSS RICHEDA SALTZMAN &
JOHNSON LAW CORPORATION

Legal Counsel summarized and reviewed the list as presented, highlighting litigations
and upcoming Administrative Committee review of option language.

- - - -

INFORMATION ONLY ITEMS

FRESNO CITY EMPLOYEES HEALTH AND
WELFARE TRUST FOR THE REGULAR
BOARD MEETING DATED MAY 12, 2004
AND MINUTES OF THE REGULAR BOARD
MEETING DATED APRIL 14, 2004.

Received

- - - -

INTERNET ARTICLE DATED MAY 23, 2004
REGARDING SAN DIEGO PENSION FUND
CRISIS

Received

- - - -

MAY 25, 2004, REPORT TO THE CITY
COUNCIL REGARDING PUBLIC SAFETY
COMMISSION ACTION ITEMS.

Received

- - - -

MAY 2004 NEWS SCAN, FROM GABRIEL,
ROEDER, SMITH & COMPANY

Received

- - - -

JUNE 1, 2004 ARTICLE REGARDING
RETIREE HEALTH BENEFITS.

Received

- - - -

MAY 17, 2004, ARTICLE FROM FORTUNE
MAGAZINE REGARDING PUBLIC
PENSIONS.

Received.

UNSCHEDULED ORAL COMMUNICATIONS

None.

:

PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

None.

⋮

PUBLIC COMMENTS

None.

⋮

ADJOURNMENT – 9:55 am.

There being no further business to bring before the Board, and hearing no objections, the Chairs declare the Joint Retirement Board regular meeting adjourned.

Brian Burry, Chair
Fire & Police Retirement Board

William Quick, Chair
Employees Retirement Board

Retirement Board Secretary/Deputy